

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 99-0360P

Use Tax

Calendar Years 1995, 1996, and 1997

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer manufactures underbody assemblies and small motors.

Upon audit, it was discovered that the Taxpayer failed to self-assess and remit use tax on clearly taxable items such as maintenance materials, consumable supplies, computer equipment, janitorial supplies, and miscellaneous items.

I. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that the taxpayer did not remit use tax on clearly taxable items. After an audit was completed at the beginning in 1995, taxpayer remitted 84% of the tax due in that year but in the following two years it decreased its use tax payments to 60% and 30% respectively. The items assessed upon audit are clearly taxable according to the Indiana Code and Regulations. Taxpayer was negligent in failing to assess tax on a substantial amount of its purchases.

Taxpayer requests the department waives its negligence penalty due to the complexity of the rules and that its errors were not due to willful negligence.

Taxpayer made no attempt to self assess use tax on clearly taxable purchases, many of which were issues in a prior audit. Taxpayer does business in the State of Indiana and should be aware of its tax laws.

FINDING

Taxpayer's protest is denied.